

SENATE RECORD VOTE ANALYSIS

106th Congress
1st Session

Vote No. 218

July 22, 1999, 7:34 p.m.
Page S-9024 Temp. Record

COMMERCE-JUSTICE-STATE APPROPRIATIONS/FCC Accounting Mandate

SUBJECT: Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill for fiscal year 2000. . . S. 1217. Hollings motion to table the Enzi amendment No. 1301.

ACTION: MOTION TO TABLE FAILED, 45-52

SYNOPSIS: As reported, S. 1217, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Bill for fiscal year 2000, will provide a total of \$35.282 billion in new budget authority, which is \$918.2 million less than appropriated for FY 1999 and is \$11.592 billion less than requested (largely due to the refusal to include the Administration's request for \$8.7 billion in "advance" appropriations; such appropriations have been used in recent years as a bookkeeping means of exceeding the spending caps in effect but not in letter).

The Enzi amendment would prohibit the Federal Communications Commission (FCC) from requiring phone companies to keep records using accounting methods that do not conform to Generally Accepted Accounting Principles. (The FCC requires phone companies to keep accounting records under which they must amortize purchases that under all normally used accounting methods are "expensed" (written off as an expense in the year in which they were purchased); this requirement effectively makes phone companies keep two sets of business records).

Debate was limited by unanimous consent. After debate, Senator Hollings moved to table the Enzi amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

NOTE: After the failure of the motion to table, the Enzi amendment was adopted by voice vote.

Those favoring the motion to table contended:

Though some of us have been involved in communications policy for decades, we have never heard of the problem that our colleagues have described today. We are willing to hold hearings to look into it, and if the situation is as they describe it we will

(See other side)

YEAS (45)			NAYS (52)			NOT VOTING (3)	
Republicans (6 or 12%)	Democrats (39 or 89%)		Republicans (47 or 88%)	Democrats (5 or 11%)		Republicans (2)	Democrats (1)
Campbell	Akaka	Johnson	Abraham	Helms	Dodd	McCain ⁻²	Kennedy ⁻²
DeWine	Baucus	Kerrey	Allard	Hutchinson	Durbin	Shelby ⁻²	
Hagel	Bayh	Kerry	Ashcroft	Hutchison	Lieberman		
Mack	Biden	Kohl	Bennett	Inhofe	Moynihan		
Snowe	Bingaman	Landrieu	Bond	Jeffords	Reed		
Stevens	Boxer	Lautenberg	Brownback	Kyl			
	Breaux	Leahy	Bunning	Lott			
	Bryan	Levin	Burns	Lugar			
	Byrd	Lincoln	Chafee	McConnell			
	Cleland	Mikulski	Cochran	Murkowski			
	Conrad	Murray	Collins	Nickles			
	Daschle	Reid	Coverdell	Roberts			
	Dorgan	Robb	Craig	Roth			
	Edwards	Rockefeller	Crapo	Santorum			
	Feingold	Sarbanes	Domenici	Sessions			
	Feinstein	Schumer	Enzi	Smith, Bob (I)			
	Graham	Torricelli	Fitzgerald	Smith, Gordon			
	Harkin	Wellstone	Frist	Specter			
	Hollings	Wyden	Gorton	Thomas			
	Inouye		Gramm	Thompson			
			Grams	Thurmond			
			Grassley	Voinovich			
			Gregg	Warner			
			Hatch				

EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

support a change, but we are not going to agree to their amendment without further examination. We are especially suspicious when we hear that the group that has brought this matter to our colleagues' attention is the United States Telephone Association. Our colleagues talk about that group as though it represents small, rural phone companies, but it really represents the Big Bell companies. Those companies are very profitable, and they are combining with other companies at a disturbing rate. In many cases they are operating as monopolies in the areas in which they operate. Our colleagues say that the FCC has its separate bookkeeping requirement in order to stop phone companies that have monopoly markets from charging unfair rates. It seems to us that the need for that requirement is growing rather than shrinking. Again, we are willing to examine this problem further, but for now we must oppose this amendment.

Those opposing the motion to table contended:

The Enzi amendment would eliminate antiquated FCC accounting rules that are proving very costly for small phone companies, particularly small rural phone companies, to follow. Those rules, which were first enacted in 1935 to control the rates of return in monopolistic markets, basically make every telephone company keep two sets of books, one for the FCC and another for everyone else. The FCC will not let telephone companies expense tangible property they purchase; right down to paper clips, they are required to amortize their purchases according to rate schedules that each of them must negotiate with the FCC. No other accounting system in use has this bias against expensing. The FCC rules are harmful for several reasons. First, they are expensive to implement. The Arthur Anderson accounting firm estimates that it costs the local phone industry up to \$270 million per year to keep this second set of books. Second, they serve no useful purpose, because local exchange companies' profits are now limited with price-cap regulations instead of with cost-based, rate-of-return regulations. Third, local telephone markets are now open to competition, which is increasingly making any attempt to control monopoly profits irrelevant. Fourth, having those accounting rules is unfair to the regulated companies because their competitors do not have to follow the same costly regulations. Fifth, and relatedly, their competitors get to see the rates that they negotiate with the FCC, and consequently they get an unfair business advantage because they know what the regulated companies are buying. Sixth, the rules were made at a time when the communications industry was stable. It is now changing at such a rapid pace that much of the equipment that is purchased and that the FCC requires to be amortized over many years is obsolete long before its cost is written off. Seventh, the regulations do not take into consideration that new forms of communication are now competing directly with telephone communications. Eighth, and most importantly for us, the regulations are especially expensive to obey for small, rural exchange carriers. Huge companies can much more easily afford to assign extra workers to create a separate set of accounting books because the cost is spread out over a larger customer base. Small companies are just put at a competitive disadvantage. Our colleagues are worried about the rate of concentration that is occurring in the communications industry; we note that passing this amendment would make small companies more competitive and would thereby serve to slow the rate of concentration. The United States Telephone Association, which represents 1,200 local telephone companies, strongly supports this amendment. We urge our colleagues to support it as well.